

STATE OF MARYLAND



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MARYLAND HEALTH CARE COMMISSION

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November 8, 2018

Ms. Anne Langley
Sr. Director, Health Planning & Community Engagement
Johns Hopkins Medicine
3910 Keswick Road, Suite N-2200
Baltimore, Maryland 21211

**Re: Johns Hopkins Bayview Medical Center New Inpatient Building –
Matter # 18-24-2414**

Dear Ms. Langley:

Staff of the Maryland Health Care Commission (“MHCC”) has reviewed the Johns Hopkins Bayview Medical Center’s response to our second request for completeness information. We have two follow-up questions; upon receipt of response we should be in position to docket the application.

1. Bayview's response to Question 17 of the initial set of completeness questions stated that the correct markup to increase cost to approved charges was 9.92%. On Page 178 of the CON application Bayview used a markup of 15.94% to increase projected new capital costs of \$30.3 million to arrive at the projected rate increase of \$35.1 million. When Bayview submits its partial rate application for the CON project to the HSCRC will Bayview request a rate increase of \$35.1 million or a lower amount to reflect the correct markup of 9.92% as stated in the response to completeness questions? If Bayview requests a lower rate increase what will be the impact on the projected financial included in the CON?
 2. Bayview’s response to question 5¹ did not include a response to the second part of this question. Please respond to both parts of this question. If the response to the second part
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1. ¹ Question 5 was: The response to question 29 detailing the calculation of the demolition costs associated with both the site work and the connection of the new building to the existing structure includes a line item for permits, contingency, etc. Referencing that:

of the question is different for the demolition cost adjustment than for the urban construction premium adjustment, please respond to each.

3. Bayview's response to question 7 did not include a response to part (c), which asked:

How much of the \$191,353 is for estimated contingency? Explain the inclusion of an estimated contingency in this calculation given that the project contingency budget line item is not included in the MVS comparison.

Please submit four copies of the responses to completeness questions and the additional information requested in this letter within ten working days of receipt (as always, extensions granted as needed). Also submit the response electronically, in both Word and PDF format, to Ruby Potter (ruby.potter@maryland.gov). Given the number of questions posed, as well as the time required for staff to compile these questions, we will certainly grant an extension to the ten day target specified in regulation as soon as you would request it.

All information supplementing the applicant must be signed by person(s) available for cross-examination on the facts set forth in the supplementary information, who shall sign a statement as follows: "I hereby declare and affirm under the penalties of perjury that the facts stated in this application and its attachments are true and correct to the best of my knowledge, information, and belief."

Should you have any questions regarding this matter, feel free to contact me at (410) 764-5982.

Sincerely,



Kevin McDonald
Chief, Certificate of Need

cc: Leana Wen, MD, Health Officer, Baltimore City

a) How much of the adjustment for site demolition and how much of the adjustment for demolition of adjacent structure is for "etc."? What is included in the "etc." component of this line item and why is it part of the adjustment for each category of demolition?

b) How much of the adjustment for site demolition and how much of the adjustment for demolition of adjacent structure is for estimated contingency? Explain the inclusion of an estimated contingency in each calculation given that the project contingency budget line item is not included in the MVS comparison.